



# Australian Sustainability Reporting Standards – Disclosure of Climate- related Financial Information



## What it is?

Australia's sustainability reporting framework has been established following the climate-related financial disclosures legislation – Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024, which received Royal Assent in early September 2024. The Act requires relevant entities to disclose their climate-related plans, financial risks, and opportunities in line with the Australian Sustainability Reporting Standards (ASRS) established by the Australian Accounting Standards Board (AASB). This ensures standardized and consistent reporting on governance, strategy, risk management, and metrics and targets, including scenario analyses and greenhouse gas emissions (Scope 1, 2, and 3).

The Act supports the implementation of ASRS by enforcing compliance, providing a phased approach to assurance, and managing liability, thereby enhancing transparency and accountability in climate-related financial disclosures in Australia.

The ASRS issued in September 2024 by the AASB comprise:

- **AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information** – a voluntary Standard.
- **AASB S2 Climate-related Disclosures** – a mandatory Standard.

AASB S1 and AASB S2 are closely aligned to the international IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures with minimal variations.

## Applies to?

1. **Large Companies:** Applies to public and large proprietary companies with 500 or more employees, \$500 million or more revenue, or \$1 billion or more assets, and asset owners with \$5 billion or more assets.
2. **Medium-Sized Companies:** Applies to companies with 250 or more employees, \$200 million or more revenue, or \$500 million or more assets.
3. **Smaller Companies:** Applies to companies with 100 or more employees, \$50 million or more revenue, or \$25 million or more assets.

## What it does?

The ASRS are designed to align with the global standards set by the International Sustainability Standards Board (ISSB), ensuring that Australian climate-related financial disclosures are consistent with international practices.

- I. **AASB S1** outlines how entities should prepare and report sustainability-related financial disclosures as part of their general-purpose financial reporting. It provides general requirements for the presentation, structure, and minimum content to ensure users receive a complete set of sustainability-related financial disclosures.

## Key Points:

- **Voluntary Standard:** AASB S1 is voluntary and modeled on IFRS S1 with minimal variations.
- **Framework:** Based on the four pillars of IFRS S1, adopting the Task Force on Climate-related Financial Disclosures (TCFD) as the base framework.
- **General Requirements:**
  - **Material Information:** Entities must disclose material information about sustainability-related risks and opportunities, aligned with Australian Accounting Standards.
  - **Reporting Entity:** The reporting entity is the same as the related financial statements, covering the entity's full value chain.
  - **Connected Reporting:** Ensures consistency between sustainability-related disclosures and financial statements, and across the annual report.
  - **Timing and Location:** Disclosures must be made at the same time and for the same period as financial statements, within general-purpose financial reports. Cross-referencing to other reports is allowed under certain conditions.



II. **AASB S2** sets out mandatory disclosure requirements for climate-related risks and opportunities that could impact an entity's cash flows, access to finance, or cost of capital over the short, medium, or long term.

### Key Points:

- **Mandatory Standard:** AASB S2 is mandatory for certain entities as specified by the Corporations Act 2001.
- **Framework:** Based on the four pillars of Governance, Strategy, Risk Management, and Metrics and Targets, aligned with ISSB standards incorporating TCFD recommendations.
- **General Requirements:**
  - **Scenario Analysis:** Entities must disclose information derived from scenario analyses using at least two global warming scenarios, including a 'low' (1.5°C) and a 'high' (2.5°C or higher) scenario.
  - **Greenhouse Gas Emissions:** Disclosures must include Scope 1, 2, and 3 emissions, with a first-year transition relief for Scope 3 emissions.
  - **Metrics:** Seven consistent metrics across all industries, including GHG emissions, transition risks, physical risks, climate-related opportunities, capital deployment, internal carbon price, and remuneration linked to climate considerations.
  - **Adaptation and Mitigation:** Entities must disclose their climate-related targets, transition plans, adoption of new technologies, and use of offsets.
  - **Location and Timing:** Disclosures must be included in the sustainability report, which forms part of the annual report, and follow the current financial reporting requirements.
  - **Record Keeping:** Entities must keep records for seven years.

AASB S2 incorporates necessary content from AASB S1 to function independently for all climate-related financial disclosures.

These standards aim to provide a complete set of climate-related financial disclosures to inform users of general-purpose financial reports, ensuring transparency and consistency in reporting climate-related information.



## When it applies?

Group	First annual reporting periods starting on or after	Large entities and their controlled entities meeting at least two of three criteria:			National Greenhouse and Energy Reporting (NGER) Reporters	Asset Owners (Registerable Superannuation Entities, Registered Schemes and Retail CCIVs)
		Financial year consolidated revenue	End of financial year consolidated gross assets	End of financial year full time equivalent employees		
Group 1	January 01, 2025	\$500m or more	\$1bn or more	500 or more	Above NGER publication threshold (50 ktCO <sub>2</sub> -e Scope 1 and 2 emissions)	N/A - entities are explicitly excluded from Group 1
Group 2	July 1, 2026	\$200m or more	\$500m or more	250 or more	All other NGER reporters	\$5bn or more assets
Group 3	July 1, 2027	\$50m or more	\$25m or more	100 or more	N/A	N/A

## Where can I get more information?

[Treasury Laws Amendment \(Financial Market Infrastructure and Other Measures\) Bill 2024](#) | Parliament of Australia | September 17, 2024

[AASB S1 General Requirements for Disclosure of Sustainability-related Financial Information](#) | AASB | September 20, 2024

[AASB S2 Climate-related Disclosures](#) | AASB | September 20, 2024



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